

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In Re: TOD CARON and LAURA CARON,

Chapter 13
File No. 14-32151
Hon. Daniel S. Opperman

Debtors.

OBJECTION BY THE UNITED STATES TO CONFIRMATION OF PLAN

The United States of America, by its attorneys, United States Attorney, Barbara L. McQuade and Assistant United States Attorney Julia A. Caroff, on behalf of the Internal Revenue Service (IRS), objects to the confirmation of the debtors' plan for the following reasons:

1. The debtors filed a voluntary petition for protection under Chapter 13 of the Bankruptcy Code on July 30, 2014, and subsequently filed this plan.
2. The IRS timely filed a Proof of Claim on August 29, 2014. The Proof of Claim states a secured claim of \$24,710.00, priority claim of \$190,723.97 and a general unsecured claim of \$1,169.01. The IRS's proof of claim consists of filed returns and estimated tax liabilities, as the debtors have failed to file the following returns: 2012 and 2013 federal income tax returns.
3. The debtors were required to have filed their missing tax returns for 2012 and 2013 before August 26, 2014, which was the date of their meeting of creditors. The debtors' plan cannot be confirmed given their unfiled income tax returns. 11 U.S.C. §§ 1325(a)(9) and 1308(a).

4. The United States further objects to confirmation because the proposed plan fails to recognize that IRS has a secured claim. IRS's secured claim of \$24,710.00 is a Class 5.1 claim and must be paid in full through the plan, in equal monthly payments, with the IRS to retain its liens and to receive interest at the IRC rate in effect on the date of confirmation. 11 U.S.C. § 1325(a)(5)(B).

5. The debtors have failed to assign values to two life insurance policies. The values and loan cash values of these policies should be disclosed. These policies are subject to the federal tax liens. The values of these policies will accordingly increase the IRS's secured claim and the required plan payments on that claim.

6. The United States further objects to confirmation because the proposed Chapter 13 plan fails to provide for payment of the priority tax liabilities stated on the IRS's proof of claim. At paragraph G(3), the plan states IRS's priority claim is \$83,000. The IRS's priority claim is actually \$190,723.97. To be confirmed, the debtors' plan must provide for the full payment, in deferred cash payments, of all claims entitled to priority under Section 11 U.S.C. § 1322(a)(2).

Wherefore, the United States respectfully requests that this Court deny confirmation of the debtors' plan for the foregoing reasons and grant such further and additional relief as deemed just and appropriate.

Dated: September 12, 2014

BARBARA L. McQUADE
United States Attorney

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